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REPORT OF THE TECHNICAL MEETING ON THE ITC 1989 PROGRAMME EVALUATION AND ON ITC'S MEDIUM-TERM PLAN (Geneva, 22-24 January 1990)

1. The meeting was convened to consider the *Report on the Evaluation of the ITC Programme Elements Export Packaging and Export Quality Control* (ITC/AG(XXIII)/117) and to make recommendations regarding the ITC Medium-term Plan 1992-1997 (ITC/AG(XXIII)/118 and Add.1).

2. The meeting was sponsored by two donor countries and was attended by seven specialists invited from developing countries and by representatives of developed and developing countries. It was chaired by Mr. A. Sierla (Finland). Mr. K. Ahwoi (Ghana) was the Vice-Chairman/ Rapporteur.

Programme evaluation

3. The meeting considered that the evaluator had produced a clear, comprehensive and well-structured report which formed a good basis for its discussions. It noted that the consultant's report represented only a summary of his total findings which for reasons of space and cost could not be published in its entirety. Some representatives indicated their interest in having the full version of the report made available to them in the future, with an executive summary prepared in the current form.

4. The meeting considered that both programme elements were of vital importance to the developing countries' export industries if they were to meet the demanding requirements of consumers in target markets, as well as the regulations imposed by national authorities on imports into their countries. Likewise developing country importers needed assistance to ensure that imported products met the required standards and specifications and that developing countries did not become the dumping ground for products that could no longer be sold in developed countries because of consumer protection legislation.

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5. Representatives of developing countries pointed out that the high cost of packaging represented a considerable obstacle to their achieving competitive exports. It was imperative to find local resources that could be used as packaging material and at the same time develop appropriate technology that could handle these materials. ITC training programmes should include the ways in which local technology could be developed. Where it was necessary to import packaging materials for subsequent use in exported products, it would be helpful if duty-free access could be arranged in both directions.

6. The meeting commended ITC for the work it had already done in this area and urged it to continue its research in this direction. The secretariat pointed out that the growing need to find environmentally friendly forms of packaging was making it once more possible to consider products such as jute that had lost their competitive position to synthetic materials in an earlier period. Some representatives pointed out the need for an international forum to discuss and harmonize environmental legislation. The secretariat indicated that it was working with such bodies as GATT and UNEP whenever this was relevant. It had submitted projects to trust-fund donors on the subject of environmentally friendly quality control measures both for exports and imports. This included the provision of information on the latest developments and regulations covering this area.

7. In this work of developing appropriate local technologies, some representatives pointed out the advantages of using expertise already existing in the developing countries, and the meeting urged ITC to make as full use as possible of these resources, especially those existing in local FPOs. Countries with a similar raw material base could share expertise in respect of quality control and packaging for these products.

8. The consultant's report had clearly indicated the high quality of project delivery under both programme elements. It had also shown that the impact was variable: in some countries all project objectives had been attained, whereas in others achievement had been partial; and in others changes in internal administrative arrangements had meant a total loss of the institution-building work. However, one of the representatives from a country where this had occurred had nothing but praise for the ITC effort. He said that those trained were still passing on their knowledge and proceedings of conferences were being used as standard reference materials. The FPO had been relocated to another institution. In order to obviate problems which arose from bureaucratic processes, ITC was urged to act as much as possible at the enterprise level, and to work with a number of institutions in the same country, including industry service organizations and teaching institutions.

9. Among areas identified as being ones where technical assistance was required were structural and graphic design, including the use of bar codes which were becoming of increasing importance. One developing country representative said that ITC assistance had given its FPO the capability to train the technical staff of its export industries in structural and graphic design. In another country, ITC assistance had helped the introduction of standards for cartons and metal packages which had resolved conflicts between producers and consumers of this packaging.

10. Other developing country representatives expressed their outstanding needs for further technical co-operation in both programme elements. The secretariat indicated that it was actively following up its pipeline of requests with donors.

11. There was some discussion as to whether it was possible to distinguish between packaging for less demanding domestic markets and highly demanding export markets. It was agreed that, while raising the general level of packaging in the country was desirable, for many developing countries adopting the standards of the developed countries for their domestic markets would represent too high a cost at this stage. Nevertheless, packaging was an important employment-creating industry that needed to be developed in its own right in order to combat food spoilage, reduce waste, achieve longer shelf-life and widen consumer choice.

12. Information and training were recognized to be complementary aspects of technical assistance. The requirements of foreign markets needed to be understood and the capacity developed to meet them if import regulations were not to become a non-tariff barrier. It was specially necessary to adapt training materials to the needs of particular countries and to combine training with problem-solving assistance using these problems as examples during the training. Enterprises needed to be shown that an investment in enhanced quality resulted in better profits. The secretariat indicated that its policy was to decentralize training to the field. Its planned training-of-trainers' programme in Asia in 1991 would provide a model for these endeavours and would generate training materials that could be used for distance learning.

13. Concerning the mailing of information, ITC should ensure this reached a maximum number of end-users, through co-operative arrangements with FPOs and other distribution points or through publication in journals.

14. Some representatives expressed concern at the geographical distribution of ITC assistance in respect of both programme elements, proportionately less assistance going to the Middle East, the francophone countries and Latin America. The secretariat explained that, in respect of UNDP funds, it was the countries themselves that decided on the allocation priorities. In respect of trust-fund donors, these had their own priorities. Within these limits, ITC was endeavouring to expand assistance to the above-mentioned regions: for example, a packaging and quality control project had been developed for the Central American countries, for which funds were being sought. Quality control projects were also being prepared for the CEAO and PTA countries. A developed country representative mentioned a subregional project to establish quality control and testing laboratories in the CEAO countries financed by its own technical co-operation programme.

15. The fact that quite a large number of programming missions did not result in projects was commented on. The secretariat indicated that these missions were requested by governments. They resulted in pipeline projects for which ITC sought funding, but such funding could not be guaranteed. If the pipeline became too large in relation to resources, the undertaking of further programming missions would be discouraged.

16. The idea of developing links or twinning arrangements between sister institutions was put forward by one representative. This would enable co-operation to continue even after a project came to an end.

17. There was some discussion on replacing the term 'quality control' by 'quality management' as recommended by the consultant. While this was generally favoured, opinion was not unanimous. It was felt that this question should be best left to the secretariat to decide. Whichever term was used, the whole field should be covered, from the shop floor to enterprise

management, and testing and inspection agencies. Training programmes should take into account the needs at all levels. The aim should be to arrive at zero defects. ITC should provide guidance on the total institutional infrastructure to achieve this, including organizations for testing and inspection. The secretariat agreed with this general concept. It had published a guide entitled *Total Quality Control at Enterprise Level.* Sixty countries including some developing countries had established quality development associations which promoted the technologies for quality control. National standards bodies were extending their activities to quality certification, testing, training and awareness. A world-wide network of certification and testing laboratories existed. These provided many useful documents. ITC was in communication with them and informed its co-operation partners of their existence. While international inspection agencies had proved to be useful in certain cases, they also had their drawbacks, and some developing countries had bad experiences with them. ITC was urged to join with ISO in working out international certification schemes in which developing countries could participate. It was important for importers and exporters to agree on mutually acceptable testing and inspection systems. The use of sampling techniques should be scientific and covered by standards.

18. The use of irradiation techniques was discussed. Although these techniques had been approved by bodies such as WHO, FAO and IAEA, certain importing countries had reservations which prevented them from agreeing to their use as a preservation method.

19. The repeated use of certain consultants was commented on. The secretariat indicated that it was its policy to use new consultants, although there was a tendency to reuse those with a proven track record. It appealed to representatives to help in locating new ones.

20. On the question of possible duplication of efforts by different co-operating organizations, the consultant made it clear that he considered that the total needs of developing countries were so great that assistance by several organizations in the same field did not really constitute a problem.

21. Concerning the question of greater regular budget resources for the two programme elements, a number of representatives indicated that they felt these activities should be integrated into ITC's regular budget, and would support proposals in this direction with ITC's budget organs in GATT and the United Nations. However, the meeting considered that this matter should be considered for ITC's programme as a whole, rather than just for the two programme elements under discussion.

22. Concerning the questions of internal project administration raised by the consultant, the secretariat indicated that the matter would be reviewed by an internal working group under the chairmanship of the Deputy Executive Director. This group would submit its recommendations by May 1990, and the Executive Director would make any necessary changes before the summer holidays.

23. In respect of the consultant's recommendations, the meeting's views were as follows:

Recommendations (i), (ii) and (iii)

These recommendations bearing on the need to upgrade the programme elements and on ITC's regular budget were endorsed in principle by the meeting. However, it was felt that the

questions of detailed planning, organization and structuring should be left to the secretariat. The questions of overall budgetary resources should be discussed within the context of ITC's future medium-term plan, by the JAG and then by ITC's budgetary organs in GATT and the United Nations.

Recommendations (iv), (v) and (vi)

The meeting took note of these recommendations bearing on ITC's internal project management. It urged the secretariat to take these into consideration in its study of ITC's internal structure and to report back to the JAG on its findings.

Recommendations (vii) and (x)

These relate to recommendations of previous evaluations of the packaging programme element. The meeting supported them and invited the secretariat to report back to the JAG on their implementation. In connection with (x) a) it was pointed out that ISO assisted in the establishment of international, not national, standards.

Recommendations (viii) and (ix)

The meeting took note of these recommendations which were related to the first three. It invited the secretariat to consider them in the light of its study of the implications of recommendations (i), (ii) and (iii).

Recommendation (xi)

The meeting considered that this recommendation bore on ITC's entire technical co-operation programme and should be taken into account during the discussion of the MTP.

Recommendation (xii)

The meeting was sympathetic to a correct balance being struck between the number of pipeline projects and the resources to implement them. It took note of the recommendation and drew the attention of the secretariat to it for implementation.

Recommendation (xiii)

The meeting endorsed this recommendation relating to a revision of the roster of consultants, and urged that more recruitment from developing countries should be considered.

Recommendations (xiv) and (xv)

These recommendations relating to data bases were endorsed by the meeting subject to the following changes. In its work to establish a data base network, ITC should link up with those already in existence, notably the ISONET and the GATT contact points. It should give particular attention, rather than priority, to the installation of the system in subregions with LDCs.

Recommendations (xvi) and (xvii)

These recommendations were endorsed subject to the following qualifications. Rather than obtain a formal commitment from co-operating institutions to disseminate data, these institutions should give ITC a general undertaking regarding dissemination, further development of the system and user feedback to ITC.

Recommendation (xviii)

This recommendation was endorsed by the meeting.

Recommendation (xix)

It was decided to consider this within the framework of the discussion on the MTP, since it bore on the total availability of resources for all ITC programmes.

24. A recommendation (xx) was added by the meeting that ITC should continue its efforts to encourage technical co-operation between developing countries. This pertained to all ITC activities and programmes.

25. Another recommendation (xxi) was made to the effect that ITC should assist developing countries to introduce bar coding, in accordance with the requirements of the European Article Numbering Association.

ITC's Medium Term Plan (MTP)

26. The meeting commended ITC for the excellent quality of its technical co-operation activities in support of the trade development and promotion efforts of developing countries and expressed its satisfaction with the preparation and the documentation submitted for its review. It was, however, felt that the draft MTP could be improved in the light of comments made at the meeting, as indicated below.

27. The development context of the 1990s, especially as it related to international trade within the framework of which the MTP was to be implemented, should be further elaborated. In this connection, particular reference was made to the following issues: Europe beyond 1992, the structural adjustment process and increased emphasis on market orientation, the Uruguay Round of multilateral trade negotiations, the debt issue, and the recent developments in Eastern Europe. It was acknowledged, however, that these were complex matters, the outcomes of which were difficult to predict. It was therefore suggested that the MTP should contain a description of the mechanisms that would be required for the continuous and effective monitoring of these developments so that their possible implications for ITC's future work could be analysed and taken into consideration.

28. The meeting underlined the importance of establishing priorities in the MTP in the light of developing countries' needs with respect to the relative importance of planned activities and the utilization of technical co-operation resources. It was appreciated, however, that this was indeed a very difficult task as ITC had little control over either the future needs and demands of

developing countries for technical co-operation, or the level of financial resources that might be available to it during the MTP period. At the same time, it was acknowledged that owing to considerable differences in the levels of development of developing countries, a great deal of flexibility would be required in establishing priorities for the MTP.

29. The meeting stressed that establishment of priorities was essential for a sound strategy for the MTP which would enable the donor countries to make global contributions not tied to specific projects for at least part of their commitments.

30. It was understood at the meeting that the major subprogrammes would continue to be relevant to the needs of the developing countries and would therefore maintain their importance in the 1990s, although the emphasis within each subprogramme would probably be placed on their different aspects. However, some possible potential "growth areas" were mentioned: specialized national trade services, human resource development (with emphasis on training of trainers and of trade representatives); certain marketable products and potential markets for the 1990s. Other specific aspects expected to continue to be important during the new MTP period were: institutional infrastructure including assistance to private sector institutions, commodities, the result-oriented enterprise approach, joint ventures and South-South trade. However, this was by no means an exhaustive list of growth areas; many other subprogrammes and elements would continue to be important and would interact among each other.

31. The MTP should include brief descriptions of the regional strategies to be pursued during the MTP period in the light of significant differences in the levels and diversity of their economic and social structures and natural endowments as well as of their needs and prospects resulting from such differences. Concern was expressed by some delegations about the decline over the years in technical co-operation activities with Latin America and the Caribbean in comparison with other regions.

32. The meeting on the whole agreed with the areas of emphasis, cutting across most subprogrammes, expressed in the MTP under paragraph 24. It was pointed out that a description in the relevant sections of the MTP of the particular manner in which these issues related to each subprogramme would be most useful. Several references were made to LDCs, ECDC and TCDC, rural-based export development, improvement of the contribution of women to development and export of services. In relation to environmental aspects of trade, it was suggested that ITC should collect and disseminate information regarding developed countries' requirements in this regard since these could create difficulties for the exports of many developing countries.

33. The enterprise-oriented approach for technical co-operation in trade promotion was supported by the meeting. Some representatives emphasized, however, that the approach should not be regarded as a substitute for the general support to export development and promotion, including assistance to public sector institutions.

34. Some delegations were of the opinion that there should be an appropriate balance among the subprogrammes in the MTP. Needless to say, this should fully take into account the priorities and needs of developing countries for technical co-operation. It should be possible to compress the subprogrammes. The view was expressed that the usefulness of the MTP would be enhanced if it were based on one single criterion, e.g. functions, products or markets to ensure

comparability and to avoid overlapping coverage. It was also suggested that the MTP should describe the existing links among the subprogrammes and/or elements in a clear fashion. Some countries suggested that certain areas (i.e. export of services and rural-based export development) should be "upgraded" to subprogramme level.

35. The question was raised concerning the desirability of merging subprogramme 8 (**Technical co-operation with chambers of commerce and other business organizations**) and subprogramme element national commercial representation abroad of subprogramme 3 (**Specialized national trade promotion services**) with subprogramme 1 (**Institutional infrastructure for trade promotion and export development at the national level**). It was further suggested that the MTP should also emphasize strengthening private sector trade promotion organizations in view of the increased role they were expected to play in many developing countries during the 1990s.

36. The meeting welcomed the announcement by the Executive Director of the establishment of a Committee to review the structure of ITC. In this connection the need to take into account the MTP and to strengthen the policy-planning capability at ITC was underlined. Although it was acknowledged that it would be desirable for ITC to share the views of the Committee with the JAG, it was noted that this would not be possible as the next JAG session would be held in April while the Committee was expected to conclude its work in May/June.

37. As the doubling of technical co-operation delivery during the last four years was achieved without any increase in ITC's regular budget, it was acknowledged that no further major increase could be expected, at current staff levels, without jeopardizing the quality of services provided. The meeting placed the utmost importance on the high quality of ITC's contribution in support of developing countries and agreed that an appropriate expansion in ITC's staff and financial resources would therefore be necessary. This was essential to maintain the high standards expected of ITC in the implementation of a considerably larger technical assistance programme.

38. The MTP should include a brief section on ITC's evaluation system and the follow-up for effective feedback of the lessons learned for its future work.